

**Statement of Congresswoman Maxine Waters
For Hearing on Housing Government Sponsored Enterprises
July 16, 2002**

Good afternoon. I would like to first begin by thanking Chairman Baker and Ranking Member Kanjorski for holding this important hearing. The recent saga of corporate fraud and malfeasance has raised serious concerns about corporate transparency. Investors' confidence in our markets has declined considerably, and the net result of this turmoil is the further impairment of our already sluggish and frail economy.

Over the past four months or so, a great deal of attention has been given to a perceived lack of disclosures by FannieMae and FreddieMac. Attempts have been made by critics of these two Government Sponsored Enterprises (GSEs), namely by FM Watch (which represents General Electric, Citigroup, J.P. Morgan Chase & Company, PNC Financial Services, Wells Fargo, Household International, American International Group, among others), to repeal the Federal securities laws relating to housing-related GSEs which exempt them from the Securities Act of 1933. Recently, a bill, H.R. 4071, authored by Shays and Markey was introduced to this effect.

In light of fraud, which is becoming a pattern in Corporate America and impacting severely our economy, we share the concerns of those who would want to see more legislation. However, we must look at this disclosure issue relating to GSEs, objectively. Over the last several years, we have had at least a dozen GSE hearings. The latest one has been a call by some for greater financial disclosures. I am pleased to say that even though there was no concern by any of the stockholders, investors, or stock analysts about the quality and quantity of Fannie Mae or Freddie Mac's disclosures, these companies announced last Friday, July 12, 2002, that they will register their common stock with the SEC and become subject to the same financial disclosure reporting regime as every other company in the U.S.

I don't see many companies stepping up to the challenge of voluntarily submitting themselves to great regulation. But these companies have. And they should be applauded for their initiative.

Congress created these two entities to help overcome barriers to the flow of credit into segments of the economy. Today, the strongest segment of our economy is housing. Our housing finance system is the envy of the world, thanks to Fannie Mae and Freddie Mac and we should not disrupt it. In the case of the companies' mortgage-backed securities (MBS) and debt, I believe these companies have to stand their ground.

Fannie Mae and Freddie Mac are well run companies that have a very high quality of financial disclosures. In fact, they exceed the SEC requirements by providing monthly disclosures to their investors. In addition, they took several voluntary initiatives in the past, with the most recent one on July 12, 2002, to register their common stock under the Securities and Exchange Act of 1934.

I also want to point out that these companies have recently committed to providing \$1.1 billion in capital for minority housing by the end of the decade. They are fulfilling their mission.

Let us not be distracted from all the good things they do. Why don't we allow them to perform their mission? Why don't we allow them to focus on serving the markets targeted by subprime and predatory lenders?

In closing, I would like to say: "If it is not broken, why fix it?" This should, instead, be our approach in considering this important matter.

I look forward to Mr. Fisher's testimony today, and I urge Congress to focus its efforts on more important matters such as finding solutions to promote corporate transparency and accountability, to eliminate fraud in Corporate America, and to establish adequate punishment measures to deter fraud and malfeasance in Corporate America, among other things.

I yield back the remaining of my time.